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Progress of the Pacific.

There must be a screw loose somewhere in the recognized principles of political economy. That is to say, there must be a principle yet undefined which

put into practice by the force of circumstance with a rapidity that is startling—causing industrial revolution without parallel in the history of commercial development; a sudden change of the principle that competition is the basis of trade. The change of the industrial system in the United States

on a competitive basis, monopoly, in all its forms, was not preceded by learned and scientific studies on political economy showing the necessity of the change, nor did it come from trained financial estimates of the results. It came like a cyclone or a wave and swept the

Before anyone had time to think all the great industries were in the management of

Such industrial changes do not take place at once. In last issue WEEKLY discussed subject of the centralization of industries from the point of utility in connection with the inevitable competition with Asiatic cheap labor when it shall have been fully adjusted to the advancement of western civilization shall have entered the new industrial field. It is now profitable to consider the subject from

standpoint of political economy, showing if possible that the changes which have taken place, are all preconceived notions concerning the relations of man to man, and of capital to labor, based on principles easily definable.

Every great nation has its own special line of industrial development dependent upon the nature of soil, climate and the national characteristics of its people. Thus the United States by the nature of things is devoted to farming industries

England on the contrary by the force of circumstances is a manufacturing nation and dependent upon the world for food. These are the natural differences. The United States

by force energy, inspired by individual liberty and freedom of action, and inventive genius, has created a high standard of civilization that permeates all classes. American laborers and farmers receive higher remuneration for their services than those of any other part of the world and have become accustomed to luxurious living undreamed of by like classes in Europe or elsewhere. If on the plan of the "open door" a nation is permitted to develop industrially solely along its natural lines it does so at the expense of industrial or national balance. For instance, if the United States were without protection manufacturing would disappear and the population thus employed would be forced into the

products is practically limited to Europe. Production in these lines would be overdone and the supply be greater than the demand and the price of food commodities would go down. This would enable Europe to reduce the price of manufactured articles to crush out competition in America. As more factories are compelled to close their doors artisans must seek work in the rural districts; the price of labor is reduced and the volume of production in special lines increased and the greater the supply the lower the price of food products, while the prices of manufactured goods would be again reduced to more effectually crush competition. Thus the commercial see-saw continues until misery, calamity and abject poverty overtakes both nations.

This was amply illustrated in the United States from 1892 to 1896, when the Democratic party practically put the country on a free trade basis. Among the poor misery and squalor took the place of prosperity and happiness. Respectable artisans became tramps seeking work on farms for their board and lodging. In time of peace the Cleveland administration were compelled to issue \$250,000,000 in bonds to keep up the gold reserve; trade was out of joint and financial circles were demoralized, causing the panic of 1893; the commercial see-saw was hammering down the prices of commodities at a great rate until the price of wheat was lower than was ever known in the history of the world. When in 1896, after the most intense election ever held, the United States returned to the basis of protection, prosperity smiled at once. The transition from calamity to prosperity was even more rapidly achieved than the reverse conditions were four years previously—even more rapidly than the recent industrial revolution in the United States. The home market for food products was restored, drawing off the export supply, and wheat doubled in price in less than six months. By feeding the natural predominating commodities to home artisans they were enabled to diversify the export commerce so that markets of the world were opened to American products, instead of being limited to Europe as heretofore. National balance was restored and the commercial



rural districts, the export of food would increase abnormally and the home market for these products be destroyed. Each individual in America would be brought into direct competition with individuals in Europe. Europe would supply us with manufactured articles and the United States would supply her with food. This appears to many able political economists to be the natural and proper state of affairs. But the leveling tendencies of commerce are not taken into consideration. A commercial see-saw is the result. If all the energies of America are concentrated in the production of food commodities and raw material then the market for the sale of American

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